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ABSTRACT

This document consists of summaries of five separate forums relating to youth employment problems and local development. Each forum consisted of presentations by three individuals from varied backgrounds. Forum participants examined the following trends associated with the youth unemployment problem: (1) the technological structure of business and industry is shifting to more capital intensive activities which create few jobs for unskilled workers; (2) employment has been shifting from agriculture and mining to manufacturing and now to service activities; (3) businesses and industries have relocated in suburban and Sunbelt locations, thereby decreasing the number of jobs available to urban youth; (4) public and private enterprise attempts to encourage employment expansion are not commensurate with the scale of youth unemployment; (5) city and Federal programs which address youth unemployment tend to be inflationary; and (6) many worthwhile and productive jobs are awarded low status and low pay. Suggestions for programs that may alleviate the youth unemployment situation included government supported and heavily monitored work experience, the development of massive industrial retention programs, local development banks to stimulate community investment, and job creation through neighborhood managed community rebuilding projects. (Author/RLV)

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Economics, Youth Unemployment & Neighborhood Revitalization

A summary of a series of public forums sponsored by Trust, Inc. and The Illinois Humanities Council in cooperation with The Community Renewal Society

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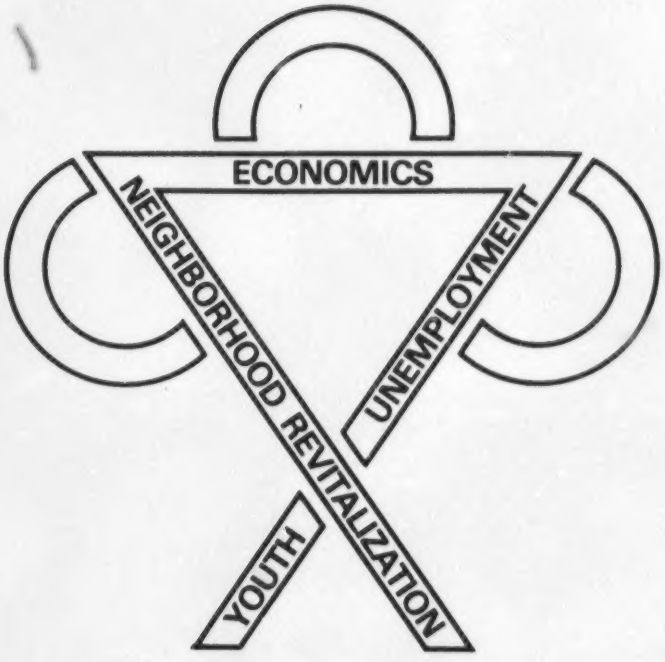

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TRUST INC

ECONOMICS, YOUTH UNEMPLOYMENT AND NEIGHBORHOOD REVITALIZATION

WRITTEN

BY

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TRUST, INC.

53 W. Jackson Blvd.
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December, 1978

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INTRODUCTION

This first phase of the TRUST Study on Economics, Youth Unemployment, and Neighborhood Revitalization represents an effort to stimulate thought and develop solid, useful information on a variety of economic trends and issues which contribute to the high unemployment of too many youth in our inner city communities.

Through the testimony of guest experts and discussion and analysis by the broadly representative committee, the subsequent study process will result in the identification of innovative and more cost-effective job development and neighborhood improvement programs for youth.

TRUST selected the area of Economics, Neighborhoods and Youth Unemployment as the focus for the study after analyzing the implications of its prior study titled, "Urban Neighborhoods: An Action Report on the Impact of Tax Assessment and Tax Delinquency Policies". Lengthy discussions with TRUST's Boards and Housing Study participants led to the conclusion that housing stock cannot be preserved until there is improved income flow into many communities to support these needed physical improvements.

Employing inner city youth in the reconstruction of their communities not only provides direct benefits to youth through jobs, but perhaps as importantly, it contributes to overall neighborhood improvements and creates a sense of community pride and self worth among its residents.

SUMMARY OF ISSUES

The crucial jobs problem facing American policy makers is that there is a segment within our society, a stratified "under class", which by virtue of educational backgrounds, residential isolation from prime jobs areas, discrimination, and obsolescence of skills, stands only the remotest chance of obtaining meaningful employment. It is clear that these "structurally unemployed" do rot become reassimilated into the labor force in response to improvements in the national economic condition.

Despite the fact that the United States has been involved in an economic recovery since 1974, which has dramatically expanded employment opportunities, minority youth have not benefited from the overall economic expansion. A number of trends lead to this forced idleness among urban youth. First, the technological structure of business and industry is shifting from labor intensive to capital intensive activities which create few jobs for unskilled workers. Second, employment has been shifting from the primary occupations, such as agriculture and mining, first to manufacturing and now to service activities. The meaning of this shift is a subject of much controversy. While some observers contend that the tertiary industries are the only places to look for major expansion of low skilled job opportunities, others maintain that jobs created in service areas, such as human services and banking or insurance, do not offer adequate opportunities for the structurally unemployed. Equally important is the fact that while the cost of

services, like health care and education, has increased as a percentage of our GNP, their quality and effectiveness have not.

Third, the relocation of business and industry to suburban and Sunbelt locations has diminished the availability of jobs for youthful workers seeking to enter the labor market. The increased labor force participation of women has reduced the available jobs for low skilled workers, especially in the service industries. Further, government policies have encouraged these shifts and reflect a political toleration of unemployment by refusing to burden the "haves" of the nation with the improvement of conditions for "have nots". To make matters worse, recent research has demonstrated that the real job creators in society are the small businesses and that many of these profitable firms are limited by their inability to obtain capital for expansion.

Several other trends limit the employment of low skilled urban youth. First, the efforts of private and public enterprise to encourage employment expansion are not commensurate with the scale of youth unemployment. Second, city and federal measures addressing youth unemployment problems may be inflationary. In light of the fact that providing minority youth jobs may be the only way to beat the Phillips Curve, the relative social costs of each alternative need to be addressed by policy makers. Finally, society has not broken through its preconceived notions of work and needs to measure the value of a job by its benefit to society and the community. The more productive jobs in society are too often awarded low status and low pay even though the work may be worthwhile to the community.

The future areas of employment expansion - the service and "community rebuilding" sectors - must be accorded a degree of status and pay sufficient to encourage individuals to accept them. As a consequence of these trends, unemployed urban youth are forced to direct their energy and time to anti-social activities.

Although there is much disagreement as to what approach will most effectively address these problems, there is near unanimity as to what will not work. Aggregate measures, such as monetary and fiscal policy, will not reduce unemployment among those structurally unemployed segments of society who are unresponsive to improvements in the national economy. In fact, corporate and public deficit spending is highly inflationary which may worsen national economic conditions.

The use of public funds to provide supportive and heavily monitored work experience, coupled with training through CETA, may be one answer to difficulties encountered by the structurally unemployed. Such job creation efforts not only enable the unemployed to work, but they also can be used to provide the workers a variety of socially productive neighborhood rebuilding activities, such as housing rehabilitation and weatherization. On the other hand, public job creation has too often assumed the nature of a subsidy, such as dead end "leaf raking" jobs which distort the labor market and have minimal permanent, positive social impact.

The development of massive industrial retention programs, such as the Chicago Plan of the Economic Development Commission, which offers a variety of incentives to encourage industrial expansion and relocation within the urban core, is another possible strategy. Nonetheless, it is not certain whether the jobs created

through this and similar large industrial projects will match the skill levels and needs of inner city, low skilled youth and thereby facilitate their employment.

Local development banks to stimulate community investment may be a more effective mechanism to address the problems of structural unemployment. Investment incentives can be offered to encourage private sources of capital for expansionary capital. Retention of local monies in the community, and creation of local development corporations are strategies to stimulate community reinvestment and thereby increase the opportunities for employment.

Job creation through a multitude of neighborhood managed and focused enterprises may also be a direction for the future. Rather than the use of public funds subsidize the unemployed through transfer payments, which do not impact on community productivity, these monies should be applied to community rebuilding projects which both provide jobs and improve the living environment of residents in their own neighborhoods. Through projects such as neighborhood based and controlled agriculture and housing rehabilitation, jobs in the community can be created to serve neighborhood redevelopment needs.

To accomplish these objectives,more creative uses of CETA slots need to be developed, neighborhood investment institutions must be developed and strengthened, and a neighborhood research and development capacity must be created. In conclusion, there are a multitude of problems and strategies to be addressed by the upcoming study. Robert Hutchins succinctly described this challenge by stating, "If it is all that difficult, it is not too soon to begin".

ABSTRACT OF SPEAKERS' COMMENTS

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Aggregate Employment Measures and the Structurally Unemployed 9

Dr. Herbert Neil, Vice President and Economist, Harris Trust and Savings Bank, contended that aggregate monetary and fiscal measures, such as tax cuts, will not significantly reduce unemployment. Despite increased federal deficit spending and dramatic reductions in the national unemployment rate, joblessness among youth and blacks has consistently remained high. Government must use specific employment strategies and, in particular, it must target programs to groups who are not affected by improvements in the overall economy.

Economic Trends and Minority Youth Unemployment 10

Mr. James Wishart, Research Director, Amalgamated Meat Cutters Union, AFL-CIO, maintained that, since corporate and consumer debt has increased tremendously in recent years, the stage has been set for even more disastrous inflation in the near future. Those who will bear the brunt of the coming economic recession will be minority youth, a group whose unemployment rate is already approaching 50%. The bitter irony of this situation is that America has millions of unemployed who wish to work, while the neighborhoods they live in are falling down around them because they are not given an opportunity to rebuild them.

Rebuilding the Neighborhoods with Community Labor 11

Professor Stanley Hallett, Center for Urban Affairs, Northwestern University, reviewed his experience in the South Shore community where he asked the question, "How do you get work back into the community?". He recommended that work/production and consumption need not be separated since there are opportunities available to do meaningful and useful work in our neighborhoods. Rather than utilize public and private funds to "disinvest" in unproductive projects, such as welfare, monies should be spent to employ community workers to provide some of the necessities of life in their own neighborhoods. These community rebuilding jobs include such things as neighborhood based and controlled agriculture, housing rehabilitation, and local recycling of liquid and solid organic wastes to create methane gas.

The Future Sectors of Employment 13

Using an historical approach, Dr. Stephen Toulmin, Professor of Social Thought and Philosophy, University of Chicago, discussed the shift of employment from primary occupations, such as forestry and agriculture, first to the secondary manufacturing sector and now to the tertiary service sector. Further, this trend has led to major concentrations of investment in capital intensive industries, such as computers, which result in few jobs and the displacement of those who are inadequately skilled to deal with these highly technical processes. Given these historical processes, the place to look for expansion in job opportunities is the

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service sector, which holds promise for dramatic growth in future decades.

The Unemployed - The New Structural "Underclass" 15

Professor Frank Cassell, Professor of Industrial Relations, Northwestern University, maintained that we have created a class of unemployed, a "stratified underclass". The development of this class has been facilitated by a number of trends which include: substitution of women for the unskilled in the economy; the public "toleration" of unemployment; the shift in political power away from urban areas where the poor are concentrated; the structural shift in business from labor intensive to highly skilled capital intensive jobs; and the geographic and educational isolation of the unemployed. As a result, America has grown an enormous middle class, the "inner society", composed of both business and labor, and a smaller "underclass" of structurally unemployed, with the distance between them growing.

Job Status and Work Incentives - The Potential For Youth 17

Mr. Studs Terkel, author, lecturer and radio personality, urged that society needs to break through its preconceived notions of job status and measure a job's value by its benefit to society and the neighborhood. Society can function only if the jobs people have in growing sectors, such as services, are accorded sufficient status and pay to encourage individuals to accept them. The real issue for policy makers to address is that government allocates too much to the defense budget when it should finance the creation of labor intensive activities which are socially productive, such as the construction of transit systems. If productive efforts such as these are ignored, the potential of our youth will not only be wasted, but they will also be forced to engage in anti-social activities.

The Public Sector and the Structurally Unemployed 18

Mr. Samuel Bernstein, Director of the Mayor's Office of Manpower, addressed the role of the public sector in reaching the structurally unemployed - those who stand only the remotest chance of obtaining meaningful employment. After tracing the development of public manpower efforts, he suggested that the solution to the problem of forced idleness is to provide supportive and heavily monitored work experience, interspersed with training, as in CETA. The CETA legislation recognizes that even in periods of low unemployment, the structurally unemployed continue to suffer from extremely high levels of joblessness. Nonetheless, CETA's supply of jobs falls far short of demand since funds and jobless statistics do not reflect the magnitude of the problem of unemployment in urban areas.

Systemic Problems in Dealing With Unemployment 21

Mr. Robert Podesta, former Assistant Secretary, Economic Development Administration, U.S. Department of Commerce, discussed the administrative problems

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federal manpower agencies face in effectively dealing with urban redevelopment issues. While he stated that the private sector is largely solving the unemployment problem, some changes, such as increased cooperation between the private and public sectors, must be made.

The Limits of the Service Sector and Job Creation 22

Professor John McKnight, Associate Director, Center for Urban Affairs, Northwestern University, stated that the basic assumption that jobs come from the manufacturing sector must be rejected and replaced with the view that the job producer in our society is the service sector. Nonetheless, the service sector seems to be limited in its job creating activities by five factors: government service programs are being reduced by Proposition 13 type revolts; the public sector has been ineffective in stimulating private sector growth in the service sector; there is evidence that the service sector is inefficient in improving its productivity vis a vis man hours and work output; the services which people are trained for may not accurately reflect the needs of society for these services; and finally, services need human "deficiencies", such as disease, to grow, and stimulating the growth of these deficiencies is not socially desirable. Rather than increase jobs through service expansion, Professor McKnight called for more socially desirable policies, such as creating jobs through "community rebuilding" like housing rehabilitation, which provide meaningful work while building viable neighborhoods.

Industrial Development and Job Creation 24

Mr. William Caples, Executive Director, Economic Development Commission, stated that the economy of the urban core has been weakened by the exodus of business and industry to suburban and Sunbelt locations and a series of federal policies which encourage this flight. In response to this, the Chicago Economic Development Commission is attempting to retain this industry in the central city through the development of industrial parks, tax rebates, and the creation of a loan pool to facilitate industrial expansion.

Small Businesses and Job Creation 25

Professor Belden Daniels, Director, Governor's Task Force on Capital Formation (Massachusetts) and Professor of Development Finance, Harvard University, stated that research has shown that the real source of job creation in our society is the birth and expansion of small business and, more importantly, studies of these smaller businesses show that manufacturing firms with $1 million in assets produced a 16% rate on investment which is a return higher than the 12.5% profit of the Fortune 500 firms during the period of 1958-77. The crucial factor in the expansion of these businesses is not the cost, but the availability of capital. Local development banks are a critical mechanism for expanding this capital flow, and Massachusetts, which has created a variety of such corporations, all funded with private monies, has led the nation in the provision of such capital resources. On the other hand, Professor Daniels maintained that public sector job creation activities, like CETA, are "poison on the landscape" since they create only dead end jobs and distort the labor market.

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Neighborhoods as a Focus for Employment Opportunities 27

Mr. Lawrence Rosser, Executive Director of the Woodstock Institute, maintained that the substitution of public for private monies has not solved inner city problems primarily because it has not focused on development, as it has in the suburbs, but it has merely offered "disincentives" such as transfer payment schemes. Further, the history of public policy has focused exclusively on one issue at a time while the needs of the urban society are multi-dimensional, e.g., jobs and housing. What is really needed, stated Mr. Rosser, are neighborhood programs which provide community stakes for the "stakeless" residents. This requires ensuring the availability of capital to business, ameliorating the harm of displacement, developing a host community, job retention,and preserving a modicum of community control.

Innovative Employment Opportunites Through CETA 30

Mr. Robert Goss, Director of the Governor's Office of Manpower and Human Development stated that the recent CETA legislation provides new opportunities for neighborhood employment through the development of on the job training slots for disadvantaged workers and innovative neighborhood rebuilding projects involving appropriate technology. Several CETA programs have used these job slots for weatherization, solar energy businesses, and even a voucher system to encourage employers to hire disadvantaged workers.

Industrial Development and the Structurally Unemployed 31

Mr. Lucius Gregg, Vice President of Corporate Affairs, First National Bank, contended that the emphasis of any plan to reduce unemployment must involve not only the number of jobs but also the "skill mix" of jobs as well as their location. Policy planners must also be aware that the creation of jobs in the service sector may not reach the structurally unemployed. The Chicago Plan for Economic Development attempts to deal with these problems by making urban industrial locations as attractive as any alternative suburban location. Further, society must direct these newly developed jobs to youth in particular, since a substantial number of those now categorized as hard core unemployed, were never able to enter the labor force as youth.

Priorities for Community Rebuilding 32

Mr. Alfred Portis, Director of Christian Action Ministry, suggested that there are a number of clear and challenging priorities which urban communities must address in order to enhance development. Family units must be made more self-reliant and less dependent on transfer payments; neighborhoods must be revitalized without displacement; community control and investment must be increased, and more emphasis must be placed on neighborhood research and development. It is also important to insure that jobs created by programs like the Chicago Plan, actually reach and impact favorably on the structurally unemployed.

ECONOMIC GROWTH, JOBS AND UNEMPLOYMENT

Dr. Herbert E. Neil, Vice President and Economist, Harris Trust and Savings Bank

James Wishart, Research Director, Amalgamated Meat Cutters Union, AFL-CIO

Stanley Hallett, Professor, Center for Urban Affairs, Northwestern University

The forum began with Janet Malone's introduction and explanation that this series is intended as a prelude to a prolonged study process, scheduled to begin in January of 1979. Ms. Malone emphasized that the forums are not designed to provide answers to the unemployment problem. Rather thay are to provide a common data framework, specification of the unemployment problem, and familiarity with alternative perspectives which can serve as the basis for the next study phase. She then introduced Mr. Richard Luecke of the Community Renewal Society who served as Moderator for the forum.

To provide one interesting historical perspective, Mr. Luecke referred to a book titled, "Christianity and Ancient Culture" by Charles Cochran. He cited some remarkable parallels between Ancient Rome and today's urban areas. Cochran stated that, contrary to popular belief, the decline of Ancient Rome was not due to gross immorality or to overextension of the empire, but rather to the fiscal insolvency of the cities. Rome was characterized by conditions such as a freeze on new public buildings, public subsidies for rehabilitation work, the flight of leading citizens and tradesmen from the city, requirements that government employees live within the city boundaries, and a tax revolt. The relevance of this to employment and our contemporary cities is suggested by Norton Long in "The Unwalled City": "The health of the city is the employment of its people". As Aristotle wisely said, "One must first live in order to live well". The successful city of the past knew that if it were to live at all, let alone live well, its people must be employed.

Nonetheless, the contemporary American city has not learned from the lesson of Rome and has looked to the nation and market capitalism to insure its economic viability and has, consequently, neglected the work needs of its individual citizens. In the current era of rapid technology and the decline of labor intensive in favor of capital intensive goods, these aggregate mechanisms have failed to meet the work needs of too many of its residents. Thus, the plight of cities like Newark, Cleveland, New York and Detroit can be viewed as a late phase in the cycle of deterioration. The cure for this condition lies in the rebuilding of the city as a political, social, and economic community so that its members accept a vision of the future and a commitment to reshape that future so far as it lies within their power.

Because of the large scale of our urban metropolis, the modern functional equivalent of the ancient city is the neighborhood. Therefore, attempts to alleviate the problems of cities, such as the joblessness of its citizens, must focus on neighborhoods and their relationships to citizens and jobs. For example, can a neighborhood function as a productive unit? What are its development potentials? What are the potentialities for neighborhood work, and how can people be provided jobs so that healthy communities are created?

In Ancient Greece, said Mr. Luecke, when old solutions were not resolving big problems, Greek citizens called for an apropria, i.e., an occasion for fresh fundamental inquiry. Overall economic trends,which in the past provided the cities health through jobs, are no longer achieving this objective. The task of the TRUST study is to examine the health of the modern polis, the neighborhood, and hold our own apropria to deal with the issues of youth unemployment and community revitalization. Mr. Luecke then introduced the three speakers.

The first speaker, Dr. Herbert Neil, began with a contrast between the economic situation of the early 1960s and the late 1970s. In both settings, the official unemployment rate hovered about 6%. In the 1960s, economists debated, "Is unemployment structural", or, "Are aggregate measures enough to reduce the level of unemployment?". In the early years of the Kennedy administration, it was decided to use aggregate measures (tax cuts and the expansion of the money supply). By 1965, the unemployment rate had dropped to 4%.

Dr. Neil defined structural unemployent as "that unemployment associated with people who live in a given area or else people of a certain skill level who will not necessarily get jobs simply if we have more spending or more activity in the economy". These people are not likely to benefit from such measures as Federal Reserve policy and tax cuts which spread the money throughout the economy and their expenditures will not necessarily generate jobs in a particular neighborhood.

Dr. Neil suggested that the United States has been involved in an economic recovery for the past 3½ years and that the economy is doing well in expanding employment. For example, there are 10.5 million more employed in 1978 than in 1975 and the rate of job increase is currently higher than for any period since the end of World War II. The current rate of increase in jobs is 3.9% which is nearly twice the rate of job growth as occurred in the 1961-64 period. The rate of growth in the overall economy in these two periods is nearly identical - about 5% in real growth in the overall economy, so we have generated twice as many jobs with that rate of growth as in the earlier period.

Looking at the components of employment growth, we can see that employment has grown for women, particularly adult women, by over 5%. For blacks, it has increased at the rapid rate of 5½%. Also for teenagers, employment has been going up at about 5%. But employment has not grown at a faster rate than back in the 1961-64 period. Further, if you look at where the jobs are developing, manufacturing has kept pace with the rest of the economy,but typically, coming out of a recession, manufacturing jobs rise at a faster rate. In this instance, they have merely kept up. Jobs related to housing and the building trades have been rising fast, reflecting the boom in housing starts. Where there's some slowness is in government employment, particularly state and local government jobs. There's been no change in the numbers of civilian employees in the federal government in the past ten years. This is the first time in two decades that growth in state and local government employment has grown at a slower rate than the overall rise in the number of jobs.

If you look at the unemployment figures which have dropped significantly, the situation of adult males has dramatically improved. The rate of unemployment for adult males is only about 1% higher than it was back in 1964. This reflects the

very rapid growth in the participation of females in the labor force. Although the recent rate for whites has dropped so that it is only a little above 5%, black unemployment has not gone down significantly. The rate was 14%. However, it is currently 12%. While the number of jobs has risen, the rate of black unemployment has remained high.

Can aggregate measures further reduce unemployment? Dr. Neil thinks not. He points out that government deficit spending over the past three years has increased tremendously. For example, 30% of total federal debt has developed in the last three years. Furthermore, the Federal Reserve has allowed the money supply to grow at the very high annual rate of 8-10%. Dr. Neil expects that more federal spending would be highly inflationary and, given the political climate of Proposition 13, he believes that the aggregate measures used in the early 1960s are unlikely to be adopted today. Such spending might even bring on serious recession.

What should government do? Government must use specific measures and, in particular, it must targer programs to the parts of the population that most need employment. The unemployment problem today, in contrast with that in the early 1960s, is not responsive to stimulative and expansionary government economic policies. It is clearly a structural unemployment problem and has to be attacked through specific measures. There is one encouraging note in the recent so-called tax cut legislation. Congress has passed a bill that pinpoints the tax credit so that businesses can obtain it only if they are hiring additional workers from eight target groups, including certain welfare groups, Viet Nam veterans, handicapped persons, and young people. This is a modest step in the direction of attempting to direct resources where the need is greatest. While some people have talked about using public service to increase employment, Dr. Neil stated that his figures show that the supposed expansion of public service jobs in the last few years is a myth. Dr. Neil hoped that the next two speakers would be able to provide solutions to the unemployment problem and expressed his belief that the problem has to be solved at the local level, in the particular neighborhoods.

The second speaker, Mr. James Wishart,began with the statement that, "Our current unemployment has been described as merely structural - in other words, as representing a distortion in the pattern of unemployment in a generally rising and progressing economic situation. My own feeling, on the other side, is that our unemployment reflects basic economic stagnation - on a world basis". He admitted that our rate of growth has been better than a number of European societies, and has only been surpassed by the phenomenon of Japenese industrial progression. Nonetheless, our current rate of increase in gross national product is about 4% and economists have stated that a 4% growth rate is the minimum necessary to keep unemployment from increasing. Unless the economy expands at least at that rate, there will be increased numbers of persons coming into the labor force and the rate of unemployment will accelerate.The unemployment, however, has not been equally shared. It has been higher for teenagers, especially in ghetto areas where the level of unemployment among teenagers is probably higher than official estimates of 40%. The actual rate is close to 50%.

Mr. Wishart suggested that Dr. Neil assumes that the United States would continue to pull out of the 1974 recession and progress toward better times. He seriously questioned that view. He pointed out that economic growth since 1975

has been accompanied by rapid increases in both government and private borrowing. Growing at $270 billion per year, he argued that corporate and consumer debt is highly inflationary. He argues that it reduces demand, undermines incentive for investment, and sets the stage for even more disastrous inflation in the near future. Mr. Wishart feels that prior to its "evisceration" by Congress, the Humphrey-Hawkins Bill was a step in the right direction.

Finally, Mr. Wishart pointed to the bitter irony that the United States has several million unemployed persons, even several hundred thousand in a major city like Chicago, but the neighborhoods that most of them live in are falling down around them because they are not given the opportunity to work. He suggested that the primary reason for this situation is that corporations are unwilling to invest in that work and skill development because they haven't found a way to make profits from it.

He disagreed with the notion that tax cuts for businesses or individuals would take the United States out of its economic plight, and he didn't believe that deregulation would be a sufficient response. Mr. Wishart pointed out that the World Crash of 1929 came despite the absence of minimum wage, effective unions, and regulations. He contended the time has come to take those measures that assure effective economic demand in all communities to ensure that our economic machinery operates to serve mankind rather than the reverse.

The third speaker, Professor Stanley Hallett, began by quoting John Dewey who stated that progress begins when all of the roads forward appear to be blocked. Since many of our economic paths appear to be blocked or to encourage pessimism, he suggests that we may be in a position to become innovative.

Professor Hallett cited a recent Tribune article on the conclusions reached by the Illinois 2000 Committee. With optimistic assumptions about the performance of our economy, he reports that this committee sees the year 2000 as having a 35% increase in poverty and an increasing gap between the upper middle class and those less affluent. He comments, "They have seen the future, and it doesn't work". He feels that it is time for citizens to re-examine their assumptions regarding appropriate private and public investment policies aimed at urban community development. Professor Hallett chose to discuss the issues of economics, unemployment and neighborhood revitalization on a micro rather than a macro level.

Prof. Hallett drew examples from the South Shore community on Chicago's South Side. In the early 1970s, South Shore was a "totally red-lined" community. Not only was it lacking in financial investment from lending institutions, it was also suffering from social disinvestment - local institutions and households of the middle class were pulling out of South Shore. Professor Hallett became part of a group raising money to buy the South Shore Bank. Their idea was to maintain a credit granting institution in the community and find ways to expand the availability of credit to residents and businesses. As they surveyed the credit needs of the South Shore community, they determined that there were other related requirements for development. For one thing, the use-value of housing in much of South Shore had been superceded by its investment value, yet the economics of being a landlord to multi-unit buildings were not profitable. The chief problem in the deteriorating returns on investment property was the rapid rise in the cost of utilities. South Shore was also lacking in local jobs, jobs that would be taken by teenagers, mothers and grandmothers who wanted part-time work. These local jobs are, he added, important for the economic well-being of the lower-middle class

and working class families who use this income to supplement the income of a principal wage earner.

The question that his group asked itself was: "How do you get work back into a community, and how do you structure the job tasks and skills so that local people can do the jobs and yet not be displaced in the process of transforming the community?".

One thing they noted about South Shore was the fact that there is quite a bit of private investment there. For example, South Shore's share of the Deep Tunnel project would be approximately $40,000 per acre. That's something like $80-90 million for the neighborhood. Commonwealth Edison is projecting expansion costs of $4.2 billion which is to provide energy, only a portion of which would serve South Shore. The South Shore community has little control over this expenditure.

Professor Hallett's group is now addressing the question of whether they might be able to provide some of the necessities of life in their own neighborhood, at less cost, with less disinvestment, and more jobs. He briefly mentioned a few examples, such as neighborhood based and controlled agriculture, housing rehabilitation, and the local recycling of liquid and solid organic wastes to create methane gas.

At the end of his remarks, Professor Hallett offered a cost analysis of the amount of government money going into South Shore to maintain it in the absence of enough employment. It is estimated that welfare and related services amount to $62 million per year. In the Garfield Park area on the West Side, the estimate is $115 million per year. Schools that don't effectively educate, as well as hospitals and jails also should be included in the costs of depriving people of the opportunity to have employment, Professor Hallett contends. He makes the point that the Chicago metropolitan region is made less competitive in national and world trade by this expense and waste of human potential.

He concluded with the question: "How do we transform our public and private policies so that we revitalize our cities and communities?" He offered three guidelines. First, work/production and consumption need not be separated as is typical now. There are opportunities available for work in our neighborhoods, opportunities to do valuable and meaningful work. Second, "small is beautiful" is not enough - not if it is merely added on to the continued use of these Mega-Tools like the Deep Tunnel. If "small is beautiful" is just add-on, then it won't produce a fundamental change in our social and work relations. Third, we must give specific attention to creating a flow of public and private funds into neighborhoods. If we rely upon the traditional mechanisms like pumping money into the housing supply, then we will continue to produce disparities of investment, such as new construction in the suburbs and decaying neighborhoods in the inner city.

WORKING THEN AND NOW

Dr. Stephen Toulmin, Physicist, Professor of Social Thought and Philosophy, University of Chicago

Dr. Frank Cassell, Professor of Industrial Relations, Northwestern University; former Assistant Secretary, U. S. Department of Labor.

Studs Terkel, Author; Lecturer; Radio Personality

Mr. Richard Luecke, the Moderator, opened the session by reviewing the October 23rd forum which dealt with the "big picture" of employment and the power of the overall economy to resolve the unemployment dilemma. One speaker dealt with the relative ineffectiveness of public expenditures; a second called for more extensive planning; and a third maintained that neighborhood reinvestment must be encouraged which can best be accomplished if it can be viewed as profitable by corporate investors.

All of these approaches, stated Mr. Luecke, are to be considered in the future study. Furthermore, the previous session clarified that the real employment problem is not with frictional unemployment nor with cyclical or seasonal employment. Rather, the essential employment need concerns structural employment which, at the very least, means that people are separated by skills and distance from the jobs of the society. It is also important to remember that the previous speakers referred to "economics" as encompassing, not only jobs and money, but viable neighborhood and family economies as well. One commentator has stated that, "Only the affluent can afford to think of poverty simply in terms of economics". The way forward requires a look beyond the aggregate percentages of employment or unemployment and an examination of what might be a humanistic solution to this problem. This leads us to the question, "What is meaningful work? and what are the social and political initiatives, as well as the economic ones, required to attain it?". The topic for this session bears on this question of structural unemployment and, in particular, how renumerative work has changed and how this affects the prospective worker.

The first speaker, Dr. Stephen Toulmin, discussed the relevance of technological change to the creation of structural unemployment. Dr. Toulmin made several points. First, changes in technology must be viewed in the context of modernization which includes the combination of urbanization, industrialization, and population growth. He maintained that these changes are the products of general societal and economic competition to attain efficiency, i.e., getting more results for less effort. The significance of technology is in its role as a major instrument of this continual economic and social competition.

Secondly, this social and economic competition has been going on since the 14th century, antedating the scientific and industrial revolutions. By this time, certain long term trends are quite clear. A trend relevant to structural unemployment is the shift of employment from primary occupations, such as forestry, fishing, extraction, agriculture, first to manufacturing and now to service or non-productive activities. The continuation of the process of competition, within which technology has a place, i.e., in the manufacturing sector, inevitably leads to the slower creation of jobs which demand higher skills. To deal

with the employment needs of those with low technical skills, said Dr. Toulmin, society must increasingly look to the "tertiary" sectors of the economy.

Dr. Toulmin then defined the role of technology in the historical process of social and economic competition. Technology has only been adopted when it has served as an instrument for this competition. It has been the "harness and not the horse" for societal change. Technology is only worth investing in, and thus its only impact occurs when previous social organizational changes had already taken place which made technology worthwhile to develop. For example, steam power was available in Hellenistic time. However, in that labor intensive society of 100 B.C., neither rulers nor merchants saw any ways of harnessing this technological opportunity to displace human labor. Even today, technology has its impact only when society is prepared to adopt it.

Further, energy crises have historically served as a stimulus to technological development. The Industrial Revolution in Britain was associated with the exhaustion of the forests which previously had served as the main source of fuel and heating. The first commercial use of steam power in the West was to operate pumps to empty coal mines which were replacing wood as main sources of heating. Dr. Toulmin pointed out that our present energy crisis is only one of a sequence of energy crises which in general have always preceded major strides in human progress and the industrial imagination.

The effects of these historical trends on the employment market are dramatic. At the beginning of this century, no country, with the possible exception of Britain, had less than 40% of its labor force in primary industries,e.g., agriculture. Today, no developed country has as much as 10% of its labor force in agriculture. In the United States and similar countries, the figure is approximately 3-5%. People migrated to the cities initially to obtain jobs in the secondary manufacturing industries and between 1860-1960, the manufacturing sector was able to expand fast enough to absorb the majority of these new entrants into the labor market. Dr. Toulmin contended that we are past the point at which the manufacturing industry can take in all available labor. He stated further that if we insist on competing with Germany and Japan, this will require concentrations on capital investment resulting in the creation of highly capital intensive processes, such as computer projects. This, he felt, will result, not in creating new jobs, but in further displacing those who are inadequately skilled to deal with these highly technical processes.

Dr. Toulmin felt that the pattern of the future of employment was really written in the tertiary industries. This includes the service industries, education, information processing, dry cleaning, flower shops, etc. In most developed countries, the tertiary industries are the only places to look for major expansion of job opportunities. For example, in the future Dr. Toulmin sees that citizens will dry clean their suits daily and that we should take it for granted that such expanded dry cleaning services will be available. In order to deal with the problem of structural unemployment, the jobs must be created in these areas. Thus, anything that is done with agricultural and manufacturing industry in the future will be only marginally significant compared to our activities in the tertiary sector. The consequences of this shift are far-reaching. What will work life be like in a society where people no longer work in manufacturing or agriculture?

The second speaker, Professor Frank Cassell, focused on the issue of the "stratification of unemployment" which simply put means division of the work force into the unemployed and the employed working class. This view runs counter to Marxist theory which envisions a conflict between the working class and the owners of industry. Professor Cassell suggests that the working class has in effect become a part of an "inner society" which often can't be distinguished from the owners. Together they make common cause, which for one reason or another, leads to rules and arrangements which limit the unemployed from moving into employment. Professor Cassell mentioned six trends:

First, he discussed the increased labor force participation of women. Of special interest is the substitution of women for men in the employment sector. In the United States, labor force participation of men has for some years been going down while labor force participation of women has been rising. Several factors account for this trend. While women's suffrage was in part responsible for women's entry into the labor market, the two largest influences appear to be War and full employment. These influences forced other changes - acceptance of women working; family adaptations, legislation to retain and increase gains. One of the periods when women were introduced into the economy most rapidly was the period of full employment in the 1960s. Other subsididary influences on female employment include the trend to tertiary or service producing industries where women are on a much more competitive basis with men than in manufacturing. Manufacturing often requires physical strength while the tertiary or service-producing industries place emphasis on skills and abilities to deal with human relationships and on tasks which require substantial educational preparation.

Another factor increasing the employment of women has been the suburbanization of society. This trend has made it possible for employers to employ a disciplined female labor force part-time (including flexi-time) in service and light manufacturing or assembly work instead of inner city workers. This especially affects inexperienced or untrained youth who are locked into costly transportation patterns by housing location, and are thus often unable to afford the cost of reaching suburban jobs to compete for them.

Second, Professor Cassell discussed the public toleration of unemployment. In the 1930s, unemployment was estimated to be 25%. Unemployment cut across skill and class lines and, consequently, the toleration level of unemployment was low because so many persons shared a common misfortune. Today, with unemployment "stratified", most people are not preoccupied with an unemployment that does not seem to touch their lives, although for a brief moment in the 1960s, Americans had their consciousness raised and made efforts to relieve unemployment after a twenty-five year hiatus. The current Humphrey-Hawkins Bill reflects America's now more "tolerant" view of unemployment than in the 1960s. The Bill includes a 4% unemployment goal and this objective can only be achieved with a very low rate of inflation. Under current economic conditions, most people appreciate the difficulty, if not impossibility, of fulfilling both of these goals simultaneously. As this program is being held, the concern of the people and their leaders is first with reducing a 10% annual inflation growth rate and second with keeping an unemployment rate of nearly 7% from rising.

As suggested earlier, unemployment is concentrated in cities among the minorities and the poor. In the rural areas, it is the black and white poor who are unemployed. This stratified class, when not out of sight, has sometimes

been defined out of existence. One recent presidential aspirant stated that the only individuals he would count in the unemployment ranks would be married male heads of families. There is no mention of the undercount of discouraged workers who are not given sympathetic hearing by "haves" who often translate discouraged into laziness. The 95th Congress reflected America's political toleration of unemployment by refusing to burden the "haves" of the nation by rejecting improved job programs and conditions for the "have nots".

The third trend Professor Cassell discussed was the shift in political power since the 1930s. The most important such change has been one-man, one-vote, coupled with population movements from urban to suburban areas, from North to South, to rural areas. There has also been a substantial increase in home ownership which has diverted political power away from urban (especially Northern) areas. This has been reflected in federal revenue sharing which has re-concentrated power in the hands of the elected political structure. Thus, despite the many efforts to promote neighborhood based planning to deal with unemployment, Professor Cassell contended that the political trend seems to be in the other direction.

This shift of power has occurred first, because mayors actively sought legislation to return power given to the neighborhoods in the 1960s to city halls; second, governors likewise sought a piece of the action in allocating resources; third, local communities, never really strong politically, lost presidential support with the advent of the 1970s; and fourth, their actual program performance had been less than acceptable to the Congress.

The fourth trend Professor Cassell discussed was the shift in business and industry. Partly because of changing technology and partly because of shifting investment, business, industry and jobs have been exported from one part of the country to another. Substantial investments are now being shifted abroad largely because of lower wage rates and other advantages in other countries. The wage ratio for Mexico is 7-1 and for Taiwan it is 10-1. This means that for assembly line labor, $10.00 must be spent on labor in America for the same grade labor which costs $1.00 in Taiwan. This shift promises to continue because of the internationalizing of production technology, the spread of education into third world nations,and increasing international trade competition as we expand our exports.

Next, as to structural unemployment, Professor Cassell stated that the "stratified unemployed" are a class who are unable to crack "access" to the inner society. They are isolated geographically from suburbanized semi-skilled jobs and from most jobs that require mastery of the learning skills. He doubted that the expansion of the service industry will provide this access. The rapid rise of the number of jobs requiring education when coupled with poor schools, poor community resources, and lack of family support for the educational system, leads to poor or long delayed transitions into work by the unemployed. To make matters worse for the "stratified" unemployed, the necessity for an education in order to obtain productive work is increasing. In the brief period since 1940, the number of people completing high school has gone from 14% to 40%. In 1910, 2% of citizens had college degrees, while 15-16% hold degrees today. The consequences of an educated society are significant. First, there is a general speedup of the transition between the discovery and use of inventions. Thus, change of all kinds, especially skill obsolescence is speeded up. Second, there remains a people scarcity in the high technology

areas where people can demand more autonomy in their work, better working conditions, and more leisure time. Third, it is this group, the educated society, which can and does move from poor to good opportunity. (Industry does the same). In other words, America has grown an enormous educated middle class, an "inner society" for whom there are jobs, very often good jobs, and a smaller under-class, "outer-society" for whom work is scarce, the jobs often undesirable. And the distance between the groups in numbers, income, geographic location and interests is widening.

Finally, Professor Cassell suggested that the educational industry, especially as a part of the tertiary service sector, will likely be a growth industry because of the large number of people buying education for occupational changes and retraining. This could become one of our comparative advantages - an up-to-date productive work force.

Our third speaker, Mr. Studs Terkel, opened his comments by noting how far off the mark the government, industry and organized labor are in tackling problems of jobs and joblessness today. Today, the headlines deal with the issue of taxes, Proposition 13, and the Thompson tax referendum. The corrollary to this concern is that this tax money is going to people on welfare and the "bums" should be removed from the rolls. Never once is the question of military expenditures raised. Even though the great portion of the workingman's check goes to the Pentagon, such expenditures are accepted as a matter of course. The United States "has the highest military budget in its history", but this does not make employment. Rather, other types of work would have a greater impact on the unemployment problem. The tremendous amount of money utilized for military spending goes into the weaponry itself which are capital intensive activities, not labor intensive industries. Far fewer people are used to produce a ballistic missile than to develop an urban mass transit system, so needed in the urban community. Mr. Terkel stated that the greatest welfare recipients today are in the Pentagon and called for the nation to "take the Pentagon off welfare".

Next, Mr. Terkel raised the question of whether an adequate national defense can be provided if defense funds are allocated to other more socially productive projects. Defense monies, he stated, are merely used in a contest between America and the U.S.S.R. to see how many times each country can "knock the other side off". Mr. Terkel argued that this foreign policy evil must be overcome by Americans in order to deal with the unemployment problem.

Further, Mr. Terkel discussed the disturbing losses from youth unemployment to the nation. Young black kids on the corner, or suburban white kids, have natural human energy. What will happen to this energy if it isn't used for positive endeavors, such as a job? If people are employed, their energy and time will be taken up too much for them to be engaged in anti-social activities. Unemployed young black and Latino kids who use their energy for such anti-social activities are simply asking for society to recognize them as individuals and calling, "Look at me, here I am". Unless we face up to this, we will not really be tackling this situation.

Finally, Mr. Terkel raised the question of the relationship of job status to work. The more productive jobs in the society may be awarded a low status and low pay, even though the work may be extremely worthwhile to the community. Society must break through the preconceived notions of work and measure a job's value by its benefit to society and individuals. The current distorted conception

of a job's status can be seen in the high status and pay provided to an advertising executive and the low status given to an airline mechanic. The mechanic performs the crucial function of keeping planes in safe operating condition while advertisers perform the less essential function of selling specific products. Further, job pay scales are not synchronized with the worth of a job to society. For example, housewives are certainly key productive workers in society, however, they receive no pay at all. The speaker went further to state that it is important that the status and pay accorded certain jobs be changed to reflect employment trends in the society. As America becomes more dependent on the service sector to absorb its available labor supply, these jobs need to be accorded a higher status. The society will only be able to function if the jobs people have in these areas are accorded a degree of status and pay sufficient to encourage individuals to accept them.

CREATING JOBS AND WORK

Samuel Bernstein, Director, Mayor's Office of Manpower

Robert Podesta, Vice Chairman, Board of Directors, Chicago Corporation; former Assistant Secretary in charge of the Economic Development Administration, U.S. Department of Commerce.

John McKnight, Professor and Associate Director, Center for Urban Affairs, Northwestern University

Mr. Phillip Drotning, Director of Corporate Social Responsibility, Standard Oil Company, opened the session by reviewing the topics addressed in the past sessions and introducing the three speakers. He noted that it is evident from the panelists' comments last week that we have created a social and economic pathology which makes many lower income youth look at the kind of jobs we have to offer them as unwanted jobs. As society becomes more capital intensive and "technologized", the availability of desirable jobs is declining. Our traditional definition of jobs and work may never be suitable for these youths. As the nature of work shifts away from the manufacturing and agricultural sectors to the service sector, society needs to redefine its conception of work status to provide recognition to those jobs which enhance the livability of neighborhoods.

The first speaker, Mr. Samuel Bernstein, began by stating that the focus of his discussion would be the structurally unemployed, those for whom jobs have not existed no matter what the condition of the economy. The situation faced by all too many Americans was best described by Vice President Mondale. He stated that the first question people face when meeting someone is, "What do you do?" If you work, you are somebody - you have an identity. Since we live in a work oriented society, the issue could be phrased, "I work, therefore I am, I don't work, therefore I am nobody". Mr. Bernstein contended that this dilemma is faced by a cross section of too many Americans. Unemployment is not confined to a particular age group , ethnic category or gender. All forms of unemployment blight a person's life. Nothing gives more cause to despair than to seek what you need and then have it denied.

The real problem, suggested Mr. Bernstein, is that a segment within our society, which by virtue of educational backgrounds, residential isolation from prime job areas, discrimination, social handicaps, and obsolescence of skills, stands only the remotest chance of obtaining meaningful employment. These "structurally unemployed" experience a joblessness that is more than transitory and their circumstance imposes upon them a forced idleness. Involuntary idleness erodes a person's self confidence so that an isolation from the work environment results in isolation from normal currents of life. Further, the structurally unemployed include more than central city minority group members who are suffering unemployment because of the relocation of industry away from the urban core. The farmer, a victim of technological advance, or the factory worker, whose efforts were supplanted by mechanization and mass production, or the craftsman whose skill became outmoded are all members of this underclass of the structurally unemployed.

The solution to this problem of forced idleness is to provide supportive, and heavily monitored work experience which is heavily interspersed with training programs. This concept of job creation is not new. To alleviate joblessness among colonial citizens, local officials employed able bodied Alms House residents to build roads, clean streets, and to manufacture iron and textiles. After the Revolutionary War, unemployment grew as the economy attempted to absorb the influx of immigrants. As unemployment and the support extended to the jobless grew, officials and citizenry alike condemned the wasteful expenditures of public aid. As an alternative, "work relief" obtained popularity. However, it was thought to be beneficial only if it was continuous, hard, and underpaid. As the concept of job creation grew, the notion that workers could provide cities with the force needed to complete special projects also developed.

Nevertheless, before World War I, work relief was seen primarily as a means to counter cyclical employment. During the 1914-15 Depression, over one hundred cities assigned jobless workers to build sewers, pave streets, paint buildings, etc. Nonetheless, intervention by the U.S. government did not occur until the Great Depression. The responsibility for the hordes of workers displaced in the wake of our severely crippled economy could only be assumed by the national government. Work opportunities were created for millions of unemployed workers through the W.P.A., C.C.C., and the National Youth Adm. The W.P.A., which Mr. Bernstein termed the real forerunner of public service employment, now funded under CETA, put eight and a half million people to work in projects designed to meet public needs.

The National Manpower Policy, which had taken root in colonial times, has undergone a real metamorphosis. Since the 1930s, Congress has addressed the jobless situation through the passage of a variety of Acts. This maze of programs, including Lyndon Johnson's War on Poverty, created such administrative problems in program duplication and coordination that the Congress enacted the Comprehensive Employment and Training Act of 1973 (CETA). CETA, through its reauthorization in October, is designed to deal with the structurally unemployed. Furthermore, Mr. Bernstein maintained that with the passage of CETA, job creation in the public sector has been legitimized.

Prior to CETA, job creation was introduced as a short term effort when unemployment reached uncomfortable proportions. CETA, however, recognizes that even in periods of prosperity and relatively low unemployment, the structurally unemployed continue to suffer from abnormally high levels of unemployment. During the recent recession, Congress added a contracyclical component to CETA through which public service jobs would be made available to workers displaced from jobs due to recessionary factors. While both components,

the structural unemployment and contracyclical, have been retained in the recent re-authorization bill, there are notable differences in the new legislation. Provisions for the structurally unemployed are a permanent fixture in the bill regardless of unemployment rates existing either nationally or in the local area. This recognizes the existence of an underclass within our society which demonstrates more than a transitory need for subsidized work opportunities.

Mr. Bernstein continued by suggesting that satisfying local needs was the intent of CETA. For example, CETA Public Service Employment workers have been used by the Chicago Fire Department to provide training and eventual access to permanent jobs for emergency medical attendants on the city's ambulances. In response to fires in the Pilsen community last year, CETA enabled the Fire Department to hire 120 people to mount a door to door bilingual fire prevention campaign. Currently, the Fire Department is utilizing CETA workers to instruct school children in fire prevention techniques. The Board of Health has utilized CETA Public Service Employment workers to test for hypertension and to provide invaluable instruction in life saving techniques, rodent control, and prenatal care.

Mr. Bernstein stated that over one hundred million dollars would be allocated to Chicago to provide jobs to 11,000 economically disadvantaged workers. Furthermore, Chicago will receive eight million dollars to develop full and part-time jobs for jobless teens, both in and out of school. The most notable of these programs is one which will train 120 dropouts in carpentry skills, with the cooperation of the Carpenters' Union, through classroom instruction and actual rehabilitation experience. Successful completers will qualify as carpenter apprentices. Each Summer Chicago also receives approximately twenty-seven million dollars to provide work for some 45,000 youths from needy families. Roughly, 1100 jobs are created for senior citizens in social service projects geared to the needs of their less fortunate peers.

Despite this outlay of funds, Mr. Bernstein argued that the supply falls far short of needs for two reasons. First, the methods of measuring unemployment are unreliable when applied to central city areas where large numbers of discouraged workers are not counted. Further, unemployment statistics do not differentiate between the structurally unemployed for whom CETA programs are geared, and the seasonally unemployed and those who are able to rely on a family member for support.

Recent statistics for Chicago show nearly 130,000 people out of work and 700,000 residents as economically disadvantaged. Mr. Bernstein felt that in consideration of both sets of figures, it is safe to assume that a majority of jobless Chicagoans are not temporarily displaced workers, but rather structurally unemployed persons with low incomes. This group is grossly underserved by current CETA allocations. He estimated that this year some 40,000 Chicagoans will enroll in CETA projects involving public service work, occupational training, part-time social service work, and job placement. This is approximately one-fifth of the unemployed population of the city. In conclusion, he stated that public job creation must not be dismissed as mere "leaf raking" or a politically motivated sop to the disadvantaged. While not the total answer, it is one viable option in a comprehensive attack on unemployment.

Our second speaker, Mr. Robert Podesta, began his presentation by making an observation on the role of the private sector in dealing with the jobless problem. Reiterating the comments of Dr. Neil in the first session, he pointed out that ten and a half million more Americans were employed in 1978 than in 1975. The private sector is obviously largely effective in addressing employment needs. He proceeded to discuss the difficulties of the federal structure responding to local needs which he perceived as Director of the Economic Development Administration. The size and complexity of the government leads to a general ignorance on the part of the populace as to how the system works. For example, the machinery of federal government is set up to go from the federal to the state and to county governments. This makes it difficult for Congress to deal with city problems. Mr. Podesta then raised the question of how one goes about developing the economic base of the city. The Economic Development Administration adopted a number of questionable projects to spend its three hundred million dollar allocation. It adopted a system of "worst first" in which funds are allocated initially to those areas where no real development can be achieved regardless of public efforts.

Mr. Podesta continued by arguing that the solutions to urban economic woes must be accomplished on a local level. Progress can only be achieved by getting down to specific projects at specific places. Nonetheless, these projects must be well reasoned and effectively planned in order to achieve maximum benefit. For example, the E.D.A. emphasized the construction of industrial parks. However, while 310 industrial parks were constructed, only 20 were occupied. The theory behind these parks, e.g., that the provision of physical supports to industry - sewers, gutters, etc. would encourage the relocation industry, was invalid. These problems are magnified by the fact that the makeup of Congress changes every two years as new members are elected to the legislature. Even if these new representatives are the same party as the administrative heads, they still do not fully comprehend the nature of the problems facing the urban core. Further, the transition of presidents creates a situation where some Congressional Committees, like the Public Works Committee, know more about policy than the White House or the Office of Management and Budget.

The speaker continued by stating that despite the essentially effective employment strategy of the private sector, some changes should be made. First, the investment tax credit should be extended to apply to used machines. If this were done, a business needing machinery could get a tax credit for purchasing used machines and thereby be financially able to remain in inner city neighborhoods, like Woodlawn. Secondly, until recently there was no firm support for the concept of industrial revenue bonds. However, Chicago currently can issue these bonds and they are a valuable tool for urban economic development. The best organized city in dealing with these problems, Mr. Podesta argued, is Chicago. This is because the powers that be in both the business and governmental sectors work in close cooperation. Finally, private industry will hire people if they can continue to make a profit. For example, four companies, Sears, Standard Oil, International Harvester and Quaker Oats put up funds to build a box plant to make craft paper boxes with a minority group running it. In a case such as this, business is standing up to its corporate responsibilities, at least to the extent they can justify it to their stockholders. Thus, if business can make a profit, it will create jobs which will trickle down to those unemployed. Mr. Podesta also argued that a necessary step in the solution of the problem of youth unemployment is the creation of a two tiered minimum wage. A lower minimum wage for 14 to 17 year old youths would provide strong incentive to employers to hire previously unemployed teens. The mood in the country is one of a return to orthodoxy and faith in the private sector.

The final speaker, Professor John McKnight, began by stating that the most common way people have defined themselves historically is in terms of work. Whether people are "gatherers", "herders", "conquerors", the central way we have understood ourselves is through the kinds of work we do and the kinds of tools we use. By this measure, the 20th Century is a new age, best labelled as the serviced society. In 1973, 65% of those people deriving income from work derived it from the production of services. No discussion of how society creates jobs and work, reasoned Professor McKnight, is possible unless we recognize that we have become by and large a service economy. He maintained that there are two ways of viewing this shift to a service producing work force. One is to say that there is a growing need for services. A better way to state this is that the increasing efficiency in industrial technology has resulted in a decreasing need for people to be engaged in the production of goods. In this sense, service production is the name the 20th Century gives to a re-employment program. It is the way we label the work we give people who are no longer needed to produce steel and wheat. The question of jobs and work must be understood within the transfer to service production and this raises several questions for the future.

First, if this trend is to continue, then the basic assumption that economic development producing jobs will result from industrial development must be incorrect. One should expect in the United States in general, and Chicago in particular, not more industrial work, but less. This being the case, society should look for new jobs in the private service sector. This sector is involved in activities such as selling things, manipulating symbols, whether in insurance companies, banks, H.E.W., or in the human services. If this service sector is to provide the future for work, the area where we will create jobs and work, we must deal with five issues.

The first is that government is the largest financier and direct employer in terms of services. 23% of the jobs in the United States are provided by government and these jobs are universally classifiable as service producing jobs. The most important question this raises is whether Proposition 13-like revolts will diminish the role of the public service sector as the growth sector in terms of the provision of services. Is the tax revolt really saying that the biggest service financier and producer will no longer be involved in that business?

Second, government has not been extremely effective in stimulating private sector growth in the service sector. Since the service sector is usually not capital intensive, e.g., cottage industries, this means that government levers are not as effective in stimulating service sector employment. For example, the second largest and fastest growing component of the service sector is the medical area which has moved from 4½% to 10.6% of the gross national product in the last ten years. If this is viewed as a major growth sector where public policy could provide for increased job opportunities, our public policy is not geared to work toward this goal. Professor McKnight argued that the question is not only whether the government has the tools to stimulate such private growth but also whether there is a willingness on the part of the federal government to use them.

Third, while the goods producing sector has become more efficient, thereby producing more with a smaller work force, there is no evidence that the service sector meets that efficiency criterion. He felt that it could be demonstrated

in both the public and private service sectors that we could produce "more with more" or "less with more" but not more with less. On a per capita basis, we are putting more into the service sector and getting out less. This raises the question of whether the purpose of services is to have efficient output or to provide labor input - to take up the slack for decreasing need for industrial workers.

Fourth, Professor McKnight asked whether it is useful to make projections concerning the service sector at all. He referred to Professor Toulmin's discussion in the previous session which predicted that services would expand to the extent that our suits would be dry cleaned every day. This vision of service growth, however, may be a limited one which suggests that we are at the threshold of achieving useful employment. For example, an increase in the number of lawyers may not significantly improve the condition of our society, much less move us toward more justice. He felt that the cricital question is what kinds of service are appropriate if we see that sector as the most important in terms of future growth.

Fifth, services have implicit in them a critical negative side effect. While the steel mill needs iron ore as the raw material for its growth, the service economy needs "human deficiency" as the raw material for its expansion. For instance, the deficiency of cancer would show up as a valuable commodity in terms of the services it requires in the gross national product at the end of the year. Since ever increasing services require ever increasing deficiencies, it follows that to use services as the engine for our growth, we must count more deficiency and disability in order to think that our country is becoming better.

For all of these reasons, Professor McKnight urged that we re-think the option of the service sector and industrial sector as job providers and consider a third alternative. This alternative involves the central question, "What needs to be done for a good society?" Rather than try to increase the gross national product through services, with all of its aforementioned difficulties, what needs to be done is "community re-building". Professor McKnight called for policies which strengthen the capacity of neighborhoods and families and the economies that support them. The difficulties of ill health, insecurity, and lack of learning can be attributed to the fact that we no longer have productive communities. To achieve this, one must consider what kinds of tools would maximize such capacity to do "city re-building" rather than increase technological services. He suggested that we must consider whether our corporations, government and professions can hold sufficient authority to enable city re-building to work. Can we think of how we could develop policies which enable good community re-building work rather than present policies which are dedicated to the policies of useless good works.

INVESTMENT AND JOBS

William G. Caples, Executive Director, Economic Development Commission

Belden Daniels, Director, Governor's Task Force on Capital Formation (Massachusetts); Professor and Lecturer on Development Finance, Harvard University

Dr. Lawrence Rosser, Executive Director, Woodstock Institute

Mr. Richard Luecke, Moderator, opened the session by reviewing the previous forums, noting in particular the diminishing importance of the manufacturing sector to job creation and the increased significance of the service sector in the economy. Furthermore, this employment shift involves the issue of how broadly we can stretch the definition of jobs and work to encompass other things which need to happen in society, like rebuilding cities, providing opportunity for reconstitution of the family, and other social goals. The kinds of issues that must be addressed include: How does "holding a job" differ from "work"? What is the work that needs to be done? What tools do we have to accomplish this? How does work become meaningful and what would this type of work look like? This, said Mr. Luecke, leads to the issue of investment - how and where shall public and private bodies invest in creating future work?, and shall public bodies direct private investment?

The first speaker, Mr. William Caples, addressed his comments toward city policies directed at investments and jobs. To fully comprehend these policies, however, some background information must be provided. The Economic Development Commission of Chicago, like any public body, was organized in response to community needs and these needs are changing. Since the late 1960s, America's older urban areas have been characterized by disinvestment, the erosion of the tax base, and the exodus of industries to the Sunbelt states and suburban areas. Mr. Caples maintained that these trends have been caused in large part by policies of the federal government. An example of the federal policy to "ruin the central city" during the last thirty years is the development of the interstate highway system. An acknowledged purpose of this 1952 legislative enactment was to disperse industry. This dispersion was encouraged through the availability of a relatively large amount of cheap suburban land and a high cost of labor in central cities. Further, federal subsidies for new housing encouraged large scale developments on relatively cheap farm acres. This moved people off the farm into already overcrowded urban centers. Finally, federal tax breaks accelerated depreciation incentives to move long established urban businesses elsewhere.

The effect of these trends on the city of Chicago was that between 1967-72, over one thousand manufacturing establishments and over one hundred and fifteen thousand manufacturing jobs were lost. The decline of the supremacy of the manufacturing sector as a source for jobs has been especially harmful to minority, low income residents. In addition to this, many of the city's multi-story buildings have been abandoned. These properties for various reasons have been taken off the tax rolls, e.g., arson.

Two and a half years ago, the city formed the Chicago Economic Development Commission to deal with these problems. The Commission, said Mr. Caples, has

three primary goals. The first is to preserve existing industry within Chicago and to help its development and growth. Secondly, the Commission will create new jobs and conserve existing ones for the city residents. Lastly, the Commission hopes to spur private investment within the city. Mr. Caples then described the activities of the Economic Development Commission. Five designated areas were developed as in-city industrial parks on the theory that industry is easier to develop in the urban core because of the existence of needed infrastructures. These areas include the old International Harvester plant, part of the Calumet Harbor area, the stockyards area, Northwest Industries, and the north end of Goose Island. This is being done through $25 million in federal EDA and UDAG funds, state monies, and $9 million in city monies. The project will put in needed industrial infrastructures, make the developments aesthetically pleasing, plan the security, and write the land values down to be competitive with the suburbs. To assist in the financing of this project, the six major Loop banks have worked out a financing scheme, based on a federal guarantee, where they can save enough up front funds for credit worthy risks to create a $180 million loan. The private financial institutions will contribute 10% or $18 million to this pool, and the government will guarantee the other 90%.

Further, the Mayor has persuaded the County Board to cut the effective tax rate for thirteen years from 40% to 16% for new and remodeled industries. These activities, which neither require deferred debt, or adversely affect Chicago's tax base, will facilitate industrial expansion and job creation. Further, the Commission recognizes the importance of small business to the health of Chicago's economy. Chicago has seven thousand businesses of fifteen or more employees and in the aggregate, these businesses constitute a tremendous share of Chicago's economic base. The Commission itself is currently working with four hundred businesses, the smallest of which has three employees.

In accomplishing these goals, one must bear in mind that businesses are analogous to human beings in that they live a life cycle. Businesses are born and businesses die largely in response to the advent of new technology. Every time a business dies, there is a spinoff. This phenomena must be seriously considered since it suggests that one must accomplish objectives which assist business creation and development through this process.

Professor Belden Daniels, the second speaker, opened his remarks by enumerating nine points which he cites as being critical to understanding the relationship between investment and problems of urban revitalization. First, there is an enormous amount of mythology concerning who and what creates new jobs in our economy. It is also important to note the kinds of capital problems these creators of new jobs have. We must be rigorous in our understanding of what is going on and extremely modest about what we know, which is very little. One thing which we know is that there is an anti-city tilt to federal policy which is represented in such diverse areas as the highway system and EPA and OSHA standards.

Second, Professor Daniels asked, "Who really creates jobs in our society?" Recent research at MIT by David Burch has shown that relocation of firms has an almost insignificant impact on job creation, and yet our development strategies continue to organize around "robbing firms" from other states. What really counts in terms of area economic differences is the variation in the number of new business births and the expansions that occur. The evidence is striking that it is relatively new, small firms that are the principal creators of new jobs, and thus they should be the focus of our urban job creation activities.

Third, contrary to myth, these young firms are profitable. A study by Professor Daniels of FTC data from 1958-77 revealed that manufacturing firms with $1 million in assets are as profitable as corporations with assets of over $1 billion. As a class, these smaller firms produced a 16% return on investment, a return higher than the 12.5% profit of the Fortune 500 firms during the same period. Intermediate sized firms were less profitable. To encourage the development of these smaller firms, Professor Daniels called for creation of risk pooling and sharing mechanisms which would reduce the individual risk of investing in such businesses.

Fourth, Professor Daniels maintained that the corporate poverty line in America begins at $200 million in sales. This country has a severe problem in terms of capital markets and it is getting worse. In 1968, individuals owned 70% of all stock exchange assets, while in 1978, large institutions owned 70% of total assets. To make matters worse, the country has lost one half of its investment houses in the last three years, leaving a situation in which local investment lenders are able to offer little capital to the small business borrower. Even some large firms with assets approaching $100 million, are unable to obtain the long term debt and equity they need to expand.

Fifth, an effort must be made to retain firms in the urban area. Following the objectives of the Chicago Economic Development Commission, urban policy makers should not attempt to steal out of state firms, but rather work to maintain what already exists. Firms can be made more profitable. For example, a firm like Bates Fabrics in Lewiston, Maine, which provided 1200 jobs, was largely unprofitable after it was acquired by a conglomerate. It was made profitable by returning it to independent employee ownership and providing adequate capitalization. Another advantage in retaining existing firms is that there is no labor mismatch - you have all the labor you need by retaining the firm.

Sixth, Professor Daniels discussed where capital fits into this framework. Since the cost of money is an insignificant factor in the overall cost of doing business, he contended that the subsidy the proposed National Development Bank offers to encourage private firms to relocate in the city, a mere .018% of sales, is insufficient to move big firms back into the city. Rather, any development strategy that policy makers organize must be more realistic in terms of both the firm's markets and costs of production.

The crucial factor concerning capital is its availability, not its cost. In Massachusetts, seven new development banks have been established with total capital of one quarter of a billion dollars. Further, Professor Daniels stated that much can be done to increase the availability of capital simply by re-examining existing institutions and statutory restrictions, as Massachusetts did in its thrift industry.

Seventh, financial development institutions are a critical mechanism for urban development. For example, the $100 million Capital Resource Corporation in Massachusetts is a consortium of twenty-five life insurance companies who loan funds to small businesses in exchange for a reduction in state taxes. The bank has already loaned out $16 million in eight months. Further, he cited a study in San Francisco's Mission Hill district, concluding that neighborhood banks reinvest far more in their communities than do larger banks. There is no need to create ridiculous institutions, like the National Development Bank, when these viable models for capital distribution to small business exist.

Eighth, Professor Daniels expressed a confidence only in creating private sector jobs. Terming CETA a "poison on the landscape", he contended that it only serves to create dead end public jobs and distort the labor market. On the other hand, providing private sector jobs to low skilled youth is the only way to "cheat the Phillips Curve" by decreasing joblessness while at the same time holding down inflation. These jobs can be created by providing small business access to long term debt and equity.

Finally, business must exist within a world wide market. Since low income communities cannot support a sufficient local market to create jobs, we must find ways to export services to surrounding communities and manufacturing products to a world market. He described how low income communities in Nassau County have created a set of service industries serving the wealthy population of adjacent communities.

Professor Daniels summarized by urging policy makers not to get caught up in the mythologies mentioned in the preceding points. Rather, they should depend upon real evidence and workable models. Only by following the principles above can we reduce structural unemployment and minimize its inflationary impact.

The final speaker, Dr. Lawrence Rosser, began by making several introductory remarks. First, he pointed out that current employment statistics do not give an accurate picture of the severity of the jobs problem. They do not indicate that employment in many of the core areas is six to eight times as high as national figures. Further, they do not tell us about the "subterranean" economy, the economy of barter which people in the core areas, or even those on fixed incomes, are reduced to. The figures do not reflect, more importantly, how many of the employed are involved in labor rather than work. Mr. Rosser distinguished work as a meaningful exercise one engages in to provide basic subsistence, as well as a sense of worth in one's future. He proceeded to discuss the lack of any data base available concerning investment and jobs on the neighborhood level. Therefore, we don't really know with any precision what makes them decline or grow. While we can observe financial institutions withdrawing capital, the loss of the entrepreneurial class,and institutions that pull out, we do not really have a system of neighborhood accounting. We are unable to develop a neighborhood "balance sheet" of liabilities, assets, and recepture rates of dollars leaving and entering the neighborhood. Most states, including Illinois, do not aggregate data on the discrete level necessary to prepare this balance sheet.

While the previous speakers discussed how the urban policy tool kit can be expanded through the use of capital formation mechanisms, Mr. Rosser's comments were in the form of observations of urban trends.He argued that the substitution of public tax dollars for private capital has not worked in solving urban problems and this constitutes the legitimate part of the Proposition 13 rebellion. Historically, once cities go into a decline, they become areas treated with grants rather than with an infusion of investment. The public policy toward suburban communities has been to use public capital to develop infrastructures, such as highways, which in turn have had the effect of attracting massive private investment to the suburban areas. On the city side of the ledger, we have done exactly the opposite. At the point neighborhoods began to decline, policy makers considered only transfer payment schemes. Essentially, the government policy response to these areas has been a double standard.

Secondly, the history of public policy in this country has been single dimensional. If we have an employment problem, we come up with a "Jobs Bill", if we have a housing problem, we come up with a "Housing Bill", and so forth. The difficulty with this kind of piecemeal policy-making is that it doesn't recognize the interrelationships between these various problems. We must look beyond the joblessness question, which goes beyond an economic problem to crime and health manifestations, and make public policies that are multi-parameter. The variety of problems in core areas must be treated together since they are interrelated.

Mr. Rosser then shared one set of multi-dimensional problems -- housing and energy in Chicago. Chicago loses some 25,000 housing unts to abandonment and demolition annually. A whole series of tax and energy policies drive landlords to the point that they refuse to renovate and maintain their units. One of the primary methods to treat this is to create jobs. The Michigan Housing Development Authority calculated that for each new unit of construction, it takes 1.5 man years, including off-site jobs, such as manufacture of hardware. Thus, Mr. Rosser suggested, we should look at the unfortunate natural resource of abandoned housing and turn it into both a job and energy creation strategy. These comments differ from those of Professor Daniels in that they suggest there is a local market for jobs, and workers in minority communities need not produce only exports. Policy makers need to look at the creation of products which can be retained in the community.

Mr. Rosser proceeded to outline a series of goals in neighborhood job creation. First, the participation of local residents in investment activities must be increased. For example, a local development corporation has the capacity to look over a neighborhood businessman's operation and thereby assist in improving the quality of the operation. This is a meaningful form of participation. Second, the amelioration of the displacment phenomenon must be considered. Reinvestment has another side which is that the kinds of value appreciation created by revitalization may lead to destruction of neighborhoods. Third, investment programs should enhance the possibility of retaining a host community. Even in the most disinvested core areas, there has been a group of residents setting the standards for the community, even as the community declines. For example, the first job of the People's Cooperative, after obtaining new housing, was to try to reach out and secure the residency of the "host" community since it helped to provide a continuity between the new and transforming neighborhoods, as well as offering a social basis for community rebuilding. Fourth, the concern of any investment program must be job retention and creation. Fifth, intermediary structures must also be created. None of the mechanisms to accumulate capital should be allowed to come in and work their will on a community. There must be some local mechanism, whether a community deveopment corporation or a local development corporation, to intervene to guarantee a modicum of community control.

From an economic point of view, Mr. Rosser argued that stakes must be provided for stakeless people. In the case of housing, this may involve facilitating the transfer of ownership. This should be accomplished essentially because it enables the present residents to participate in the value appreciation coming with reinvestment. In the long run, this means that the public grants necessary to maintain these neighborhoods would be reduced. Further, we should seriously experiment with the notion of work as a form of equity. People in low income communities may not have the necessary equity to buy into the renewal process,

but their work could become equity and thereby accrue to their benefit as well as the government's. Finally, we should enable transfer payments to be seen as investments rather than grants. The fundamental question in welfare reform is not the "cheaters or the bums", but whether welfare can be seen as an investment in people as we see a subsidy in a house as an investment in a property. In addition, all of our investment programs should look to a broader range of capital accumulators - for example, public employee pension funds. Mr. Rosser concluded by saying that these are possible avenues for future policy makers to consider in resolving the dilemmas facing the urban areas.

A FUTURE FOR NEIGHBORHOOD WORK AND ENTERPRISE?

Robert Goss, Director, Governor's Office of Manpower and Human Development

Lucius Gregg, Vice President, Corporate Affairs, First National Bank

Alfred Portis, Executive Director, Christian Action Ministry

In introducing the final session in the series, Richard Luecke, summarized some of the major points of the previous sessions. Consistent with the title of the series, the sessions reviewed, from a variety of perspectives, the limitations on general public and private measures to reach the structurally unemployed. This raises the question of local development in areas of high unemployment as a potential solution. The reduction and relocation of industries from the urban core was noted and, in particular, the shift from industrial to service work in the society. He felt there is a need to identify whatconstitutes the definition of "good work" and how it can be developed in neighborhoods where it most needs to be done. Further, private and public strategies of investment were reviewed which, unfortunately, have produced disinvestment in neighborhoods. This raised the question of whether the direction of these policies can be reversed to produce community reinvestment. These ideas further lead to whether additional jobs for youth can be created through the development of public and private community type investment programs.

The ancient virtue of prudence had to do with both material circumstances and human functions and ends. Thus, prudence tends to be degraded when referred to exclusively in terms of a bottom line. The same comment can be made about investment which has a broader meaning than the narrow economic focus with which it has been associated. To invest means to dress up someone or something, to clothe with authority and resources. Thus, to disinvest is to strip away the authority and resources needed to shape the future. Anyone so deprived understands the human meaning of the words, disinvestment, discredit and imprudence. When the total costs of this disinvestment (which don't all appear in the bottom line) are counted, new questions are raised about prudence and the broader meaning of investment. The real question is "at what point is the life of a city neighborhood too important to let go?" The fact that investment represents not only the economic but the human side of a neighborhood

clearly reflects the classical virtue of prudence.

The first speaker, Mr. Robert Goss, discussed the role of the Governor's Office of Manpower and Human Development in neighborhood economic growth and the development of private enterprise. While this agency is not involved in the direct provision of services, it serves as a conduit enabling federal and state dollars to reach private non-profit organizations engaged in neighborhood redevelopment activities. The Governor's Office of Manpower funds community action agencies through a formula grant system with dollars provided by the Illinois General Assembly and through the Comprehensive Employment and Training Act. Principally through CETA, private not-for-profit organizations are funded with approximately $90 million. The new CETA amendments of 1978 open up new vistas for neighborhood development through employment. One of these is a new Title VII entitled, "A Private Sector Initiative Program".

The National Alliance of Businessmen was successful in lobbying the Congress for legislation allowing small businesses to develop job training slots for disadvantaged people. This is done through increased on-the-job training slots, internship programs, and other innovative projects which are just now being developed. These efforts are over and above the ongoing activities of the local CETA administrative agencies.

The enactment of Title VII demonstrates that the Congress is convinced that a major role can be played by CETA in the future of neighborhood work and enterprise. For example, they mandate that every prime sponsor establish a private industry council, and in Illinois this translates into twenty such councils statewide. These councils provide local governments, the local educational system, organized labor, and, in particular, small minority owned businesses an opportunity to work together with the grantees who administer CETA programs.

An innovative direction to be considered for the future may be the development of "appropriate technology" with CETA slots. This involves a community commitment to improve neighborhoods through such projects as solar energy, gardening projects, weatherization,and so forth which help make communities self sustaining. These projects are intended to insulate neighborhoods from the disruptions of the national and international economy which cause dislocation. Operating throughout the state, these unique programs have utilized CETA, primarily Title VI, as their funding source in hiring disadvantaged residents. Mr. Goss observed that solar energy and weatherization businesses are a good deal different from traditional businesses started with Small Business Administration funds. CETA should be viewed as a funding source for these projects. While funding such programs is not the primary purpose of the Act, it is an offshoot of the Act's basic function - the provision of employment training to individuals in need. Nevertheless, these innovative projects enable neighborhoods to match their needs and the requirements of the CETA legislation in a unique and demonstrational way.

Other Titles of CETA permit innovation as well. For example, provisions in the recently enacted Title II permit the state to operate a voucher system in which a certificate is given to an unemployed resident who then presents it to employers. This, in effect, is a subsidy to the employer to hire this individual. Further, the new Act provides approximately one-half billion dollars annually to Illinois through a system of prime sponsors which operate principally

through a series of contracts with private non-profit organizations, such as the educational and employment service system

The second speaker, Mr. Lucius Gregg, first discussed his involvement in the Chicago Plan, an urban development plan initiated by the Chicago Economic Development Commission. The emphasis of this plan, said Mr. Gregg, must be to expand the employment potential and jobs base of the city. This involves more than the number of jobs, rather it also concerns the mix of jobs - blue collar, white collar manufacturing or service employment. When it comes to young people, the emphasis must be on the kinds of skills they possess when entering the marketplace. Furthermore, the much heralded expansion of the service industry may not meet the needs of the structurally unemployed youth. For example, service sector businesses like banks, insurance companies, and financial institutions,are traditionally places of employment for the white collar, the educated, and women. In the First National Bank, which is representative of the major banks, there are seven thousand employees, including eleven hundred minorities. Of this group of minorities, only one hundred are male and this is characteristic also of the insurance industry and most of the service sector.

The real question involves the creation of the proper "mix of jobs" and whether the expansion of the service sector can actually provide jobs for unemployed black youth. Thus, the emphasis on manufacturing is more than just a nineteenth century view that industry is the center of the economy. Mr. Gregg contended that society must look at who gets the prime job opportunities when the service and the manufacturing industries expand in a given urban community. For young high school graduates or dropouts, the manufacturing sector is the primary employer. Another key factor to consider is the location of jobs. When a company moves to the suburbs, they lose a substantial part of their labor force. Many workers do not own autos or have access to public transportation, and older workers may not care to drive to work in the suburbs ten to fifteen miles away from their residence. On the younger end of the spectrum, the industrial relocation loses the enghteen year old worker which, Mr. Gregg believes, is a conscious decision on their part that the eighteen year old is unimportant to their labor force. Job location is also important for the female head of household. It is difficult for a female head of household to drive twenty miles one way to a job and, at the same time, keep her responsibilities in raising her children.

The Chicago Plan attempts to deal with these problems by targeting five industrial parks within the city for further industrial expansion and development. The Plan states that these urban industrial locations are as attractive to industry as any alternative suburban location for three reasons: First, the city can compete in economic terms, that is, the cost of land, taxes, labor, and financing is equal to that offered by the suburban ring. The city can also compete in aesthetic terms. The Chicago Plan allocates $15 million over three years to make these five industrial parks aesthetically attractive through land site improvements, greenery, shrubs, etc. Third, Chicago can compete with regard to the future market value of the investment. This means that the value of industrial investment in Chicago will appreciate at the same rate as that received in any alternate location. Since these commitments can be made to industry and the locations of the community employment base are in close proximity to the site of the relocating industries, there is great potential to employ young workers.

Mr. Gregg then made three observations concerning the employment problems of youth. First, if the number of job seekers is expanding at a faster rate than

the job base, there is a national problem which promises to develop dramatic tensions within society. It is important that economic growth and the job base continue to expand to meet these employment needs. Second, society must make a locational decision whether to move the people to the jobs or the jobs to the people. If the National Development Bank can be focused as to who benefits from the bank, it may be able to accomplish its objectives. Third, increasingly,young people cannot cross the bridge between the place of school and the world of work. As a result, we now have young marrieds in Chicago raising children who have never held a job. To Mr. Gregg, these unemployed young people represent the most difficult challenge to national policy. A substantial number of those in the hard core unemployed were never able to enter the labor force as youth.

The people who pay the price when national unemployment rates soar are minority families, especially youth who are looking for entry into the industrial labor market. Mr. Gregg observed that at the end of the second World War, the number of black families in the higher income bracket with family incomes of $15,000 was small - 1-2%, while those with low incomes of $5000 or less were quite significant. 80% of all black families were within this bottom segment. By the late 1960s, the top of the pyramid had opened up as more black families moved into higher income brackets and, surprisingly, the bottom of the pyramid began to close. In 1969, there was a smaller percentage of the black community in the bottom of the pyramid than in the higher income portion. However, the numbers clearly indicate that the 1969 recession reversed this trend for black families and many of those in middle incomes fell back into low income groups. An inflationary economy may worsen the already precarious economic situation of the black family.

Finally, Mr. Gregg maintained that there is hope in the Chicago Plan of providing jobs for youth. This optimism is based on the areas targeted for revitalization, the city's decision to focus industrial resources into these areas, the involvement of six major banks, and the support of the federal government. The city will receive an annual allotment of not only grant funds, but also loan funds from the Economic Development Administration for business expansion in these industrial parks. Further, the major Chicago realtors have expressed their support for the Plan. The overall impact of the Plan will be the creation of a total of 15,000 - 17,000 additional manufacturing jobs in these five industrial parks. CETA funds for job training have already been set aside for companies expanding in these parks. This variety of resources promises to enhance industrial development in the city and assist in the employment of youth in manufacturing jobs.

The final speaker, Mr Alfred Portis, first reviewed the activities of the Christian Action Ministry (C.A.M.). C.A.M. is a community organization of churches which started out as the social action arm of the churches on the West Side. In the midst of the 1968 riots, a number of pastors decided to pool their efforts into a cooperative ministry. They began by considering which program efforts would be most effective. First, as a response to the inadequate public education most youths received, C.A.M. Academy, an alternative high school, was born. 65% of the Academy's graduates go on to attend colleges across the country. From education, C.A.M. expanded its neighborhood involvement into community and economic development. It established an economic cooperative and obtained $250,000 in Small Business Administration low interest loans to buy capital equipment and facilities for minority businesses. As a result, eight enterprises have been saved, thereby continuing as viable cornerstones in the community.

C.A.M. then developed five day care centers contending that it is far less expensive to maintain the cost of a child in day care, enabling the mother to work, than it is to provide the family with welfare funds. Further, C.A.M. has initiated programs serving senior citizens and has provided legal services and health care. C.A.M. has developed a variety of health care programs and, with the help of Northwestern University, examined the major health hazards of the community and how they could be eliminated. As a result, a health action program was initiated in which non-health resources attacked significant health hazards, such as dog bites and hypertension. These problems led C.A.M. to develop a greenouse which is now growing vegetables on the agency's roof. This project supports one part-time job and grows four crops of vegetables annually which feed hundreds of families on a continuing basis each year. Future C.A.M. programs involve a target block housing strategy which will enable C.A.M. to acquire and rehabilitate certain houses in an area and then persuade owners of the rest of the block's structures to rehabilitate their residences.

Another innovative approach, again with the help of Northwestern University, is a program to reduce traffic accidents in a target area of the community. Communities have been designed to serve cars rather than people. In reversing this trend, jobs will once again be created for neighborhood residents. Finally, the Cadillac of C.A.M.'s efforts to date has been the Center for Human Development, a $5.5 million program funded partially by thirteen conventional loans headed by the First National Bank and the Continental Bank. The Center will be able to provide some 250 jobs in the community which previously did not exist.

This all leads us to the question, "Where do we go from here?" Mr. Portis proceeded to identify several major problems. First, one-third of the people of the West Garfield area are on welfare and the unemployment rate is approximately 40%. Second, increased energy costs are forcing buildings into abandonment resulting in a drastic reduction in the housing stock. Third, inflation is having a devastating impact: food prices are in a neck and neck race with energy costs, and medical care is the fastest growing share of the consumer price index. Fourth, water costs will become higher as the limited availability of Lake Michigan water becomes more apparent. Fifth, if the Sanitary District's Deep Tunnel Project is completed, it will require a substantial increase in property taxes over the next twenty years to pay for it. Sixth, the cost of dependence on government health, education and security services continues to fuel inflation. Seventh, while twelve years ago there were twelve supermarkets in West Garfield, today there is only one. Food retailers in the community are now mainly "Ma and Pa" stores and fast food outlets serving high priced, low quality foods. Eighth, public utilities monopolize the community energy business while labor intensive energy alternatives, like housing weatherization, have not been widely adopted. Finally, few nearby sources of capital and credit exist in the four communities C.A.M. serves. Even though one small bank exists and the city-wide financial institutions are contributing through the Human Development Center, far more needs to be done to increase the availability of capital and credit to areas like the West Side.

Mr. Portis maintained that these trends point to clear and challenging priorities for communities like the ones C.A.M. serves on the West Side. Following are five such priorities: First is to enable family units to become far more self supporting with less dependence on welfare. The key to this self reliance

is clearly jobs since the provision of work enables families to fight other problems as well. A second priority is the revitalization of neighborhoods. This revitalization must serve individuals currently living in these neighborhoods, rather than simply redevelop the community for totally new populations. Mr. Portis contended that the latter trend is highly immoral and costly for society. Third, there is a need to increase the degree of neighborhood control and influence over those institutions that serve and service the community. Present institutions concerned with community control are struggling for survival, rather than creating new community responsive institutions. Fourth, a larger number of jobs must be created through investment. Service industry jobs cannot be counted upon to provide income for areas such as the West Side. Investment attracts income from a variety of sources including income from interest, profits, and appreciation of ownership in the business.

Finally, a far greater investment must be made in neighborhood Research and Development. Neighborhood Research and Development enables us to examine our own communities and determine appropriate strategies in solving local problems. For instance, while the government contends solar energy is in the future, solar energy is currently at work on the roof of C.A.M.'s solar heated greenhouse. While the federal Research and Development budget is $200.00 per capita, none of these funds are going into developing techniques for neighborhood development. A housing program, for example, could produce several spin-off industries with Research and Development support. Finally, while neighborhood Research and Development is ongoing by C.A.M., the challenge is discovering how to make it financially and technically viable.

In the ensuing discussion, Mr. Portis maintained that the jobs created by the five industrial parks in the Chicago Plan may not filter down to the structurally unemployed. Communities need a wider say in the kinds of jobs created and the development of those jobs. The majority of the jobs created by the Chicago Plan - white collar and skilled employment - may not necessarily go to workers in the depressed neighborhoods.

Mr. Gregg responded by stating that while no guarantees exist, as a rule one-third of the city's manufacturing jobs go to minorities and he assumes that a similar job distribution ratio will exist with jobs created by the Chicago Plan.

Mr. Richard Luecke then summarized the discussion. The efforts of the city government to encourage business and the national government to encourage job training have been subject to two kinds of criticisms. First, at best they are not commensurate with the scale of youth unemployment in the city. The other criticism is that the city and federal measures dealing with the youth unemployment question may be inflationary.

Interestingly, Mr. Portis discussed socially and economically integrated neighborhoods as a way of moving forward, an objective which may require transformations in more than mere economic terms. This reminded Mr. Luecke of a book by John Garrity of Columbia University entitled Unemployment in History which concludes with this arresting sentence: "Clearly the problem calls for social restructuring as well as, and probably much more than, economic change. How that can be brought about, no one can say with confidence, but efforts to bring it about are more likely to reduce structural unemployment in the future than more direct approaches". This treatment of the problem seems to speak

of families and neighborhoods as if they were enterprises and brings the economic and social into conjunction in ways in which we have tended to separate them in recent years. He then concluded the five week series by offering two philosophical comments: One is, "Every great undertaking is at first impossible". The other comes from Robert Hutchins who stated, "If it is all that difficult, it is not too soon to begin".